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# World Production and Trade

United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

Washington, D.C. 20250

Weekly  
Roundup

WR 32-85

Aug. 7, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

## GRAIN AND FEED

After reviewing complaints from U.S. hog producers, the United States recently enacted a countervailing duty tied to CANADIAN subsidies. Now the Ontario Corn Producers Association (OCPA) has announced it will study U.S. policies that may directly and indirectly subsidize corn, and the possibility that aflatoxin-contaminated U.S. corn might enter Canada. The OCPA says that as long as barriers against Canadian hog exports to the United States continue, Canada may restrict imports of U.S. corn, which have averaged 700,000 tons over the past five years.

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There is new evidence of the continued depressed state of the world rice market. PAKISTAN's rice exports during the first six months of 1985 (297,000 tons) are down 53 percent, and Burma's (150,000 tons) are 60 percent lower than the same period last year. U.S. rice export commitments during January-June 1985 of 889,000 tons are about 175,000 tons behind last year's pace.

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SAUDI ARABIA recently bought 165,000 tons of U.S. corn for delivery in October-September 1985/86, its largest single purchase from the United States in many years. Saudi corn imports from all sources have averaged about 425,000 tons during the past five years, but purchases from the United States have averaged just 90,000 tons. This purchase represents a significant portion of Saudi Arabia's 1985/86 corn import requirements (forecast at 250,000 tons), and could indicate a shift away from traditional large imports of barley.

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The EUROPEAN COMMUNITY (EC) has announced a special corn export program for 150,000 tons of French corn to Spain, Portugal, Switzerland and Austria for shipment during August-October 1985. The export supplies will apparently come from an estimated surplus of 600,000 tons of corn in southwestern France. Initial reports indicate that nearly all of the corn will be exported to Spain. Although no export restitution has been announced, a subsidy will be necessary in order to bridge the gap between internal French and world corn prices.

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The EC is not a large corn exporter to third country markets and it has exported little corn to either Spain or Portugal. Both countries have largely relied on U.S. corn imports to satisfy their feed grain deficits. With Spain and Portugal joining the EC in January 1986, an erosion of the U.S. market position may occur in both countries over the coming years.

#### DAIRY, LIVESTOCK AND POULTRY

On July 24, 1985, CANADA's Minister of Health and Welfare announced a permanent ban on the sale of the drug chloramphenicol for use in food producing animals in Canada. The action follows a temporary ban on the use of the drug issued in early June 1985, which was due to expire July 25. Certain veterinary uses of chloramphenicol will be maintained in non-food producing animals (e.g. dogs). The ban on chloramphenicol will facilitate Canadian hog exports to the United States. However, the recent U.S. imposition of a countervailing duty of about US\$7 per head eliminates a competitive advantage earlier enjoyed by Canadian hog producers.

#### TOBACCO

In the UNITED STATES, January-June tobacco export values were up, totaling \$640.4 million, with export quantity at 99,001 tons, compared with \$629.7 million and 99,575 tons in January-June 1984. Total unmanufactured tobacco exports in June 1985 totaled 6,838 tons, valued at roughly \$44 million, lower than normal for what is a slack time of the year for the tobacco market. The recent administrative cut in support prices, coupled with the 10-25 cents per pound rebate on purchases of Flue-Cured Tobacco Cooperative Stabilization Corporation stocks should increase exports to normal or higher than normal levels by the year's end.

#### SEEDS

Exports of U.S. seeds for planting totaled \$351 million for the July 1984-June 1985 marketing year, a new record high and 7 percent above a year earlier. Forage and vegetable seed exports increased in both value and volume while flower, corn, grain sorghum and soybean seed exports increased in value but declined somewhat in volume. Major markets were Mexico, Japan and Canada with exports totaling \$56.6 million, \$43.6 million and \$28.9 million, respectively. Shipments of seeds to the European Community totaled \$93.5 million.

#### WOOD AND WOOD PRODUCTS

The 1985 timber harvest in the SOVIET UNION is expected to total 361 million cubic meters, a slight decline from the previous year. Approximately 78 percent of the timber harvested in 1985 will be used for commercial purposes.

Soviet lumber production in 1985 is expected to total 96 million cubic meters, the same as in 1984. Despite Soviet efforts to raise the level of production, output of softwood lumber has been declining since the late 1970s. Much of the problem is due to lagging deliveries of roundwood and equipment breakdowns.

Exports of wood products from the Soviet Union this year are not expected to show marked improvement over 1984. The value of wood exports last year was placed at \$2.64 billion, the Soviets' best performance since 1978. Lumber and saw timber were the principal wood products exported, accounting for 36 and 15 percent of the \$2.64 billion total, respectively. Paper, pulpwood, cardboard and assorted panel products accounted for most of the remaining \$1.3 billion worth of exports.

Soviet exports of saw timber in 1984 grew 4 percent above the previous year's total to equal 7.7 million cubic meters. Were it not for the dramatic growth in shipments to China, exports would have actually declined by over 8 percent. Soviet saw timber exports to China last year reached 1.8 million cubic meters, more than double the quantity shipped in 1983. The United States remains China's principal foreign supplier of softwood logs, with 1984 exports to that country totaling 3.9 million cubic meters.

Like most major wood exporting countries, the Soviet Union saw its exports of softwood lumber decline in 1984, the result of a weak European demand. The decline was a modest one, however, with shipments falling just 1.5 percent to total 7.1 million cubic meters. The German Democratic Republic and the United Kingdom were the Soviets' biggest customers, accounting for 19 and 16 percent of the export volume, respectively.



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Selected International Prices

Item	Aug. 6, 1985	Change from	A year
:	:	previous week	ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	156.00	4.25	-7.50
U.S. No. 2 DNS/NS: 14%....	147.00	4.00	-6.00
U.S. No. 2 S.R.W. ....9/	128.00	3.48	-4.00
U.S. No. 3 H.A.D.....	153.00	4.16	-6.00
Canadian No. 1 A: Durum.9/	170.00	4.63	0
Feed grains:			
U.S. No. 3 Yellow Corn....	115.00	2.92	-6.50
Soybeans and meal:			
U.S. No. 2 Yellow.....9/	212.50	5.78	-1.50
Brazil 47/48% SoyaPellets	158.50	--	+7.50
U.S. 44% Soybean Meal....	153.00	--	+9.00
U.S. FARM PRICES 3/			
Wheat.....	102.50	2.79	-2.57
Barley.....	57.87	1.26	-1.38
Corn.....	89.76	2.28	-7.09
Sorghum.....	N.Q.	-- 2/	--
Broilers 7/.....	1062.84	--	-7.94
EC IMPORT LEVIES			
Wheat 5/.....	85.10	2.32	-19.65
Barley.....	80.75	1.76	-22.15
Corn.....	72.30	1.84	-13.85
Sorghum.....	83.40	2.12	-21.55
Broilers 4/ 6/ 8/.....	175.00	--	0
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	141.90	3.86	-.25
Bread wheat (min. quality)7/	151.85	4.13	-.25
Barley and all			
other feed grains.....	141.90	--	-.25
Broilers 4/ 6/.....	N.Q.	--	N.Q.
EC EXPORT RESTITUTIONS (subsidies)			
Wheat .....	28.85	.79	+3.85
Barley.....	41.65	.91	+5.00
Broilers 4/ 6/ 8/.....	103.00	--	0

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/ September delivery. N.A.=None authorized. N.Q.=Not quoted. Note: Basis August delivery.